

Alliysa Rupiah Balanced Fund

December 2016



BLOOMBERG: AZSRPBL:IJ

INVESTMENT OBJECTIVE

The objective of this fund is to achieve conservative long term capital growth while earning relatively stable income.

INVESTMENT STRATEGY

To achieve the investment objectives, this fund shall be invested with a target of 7.5% in short term sharia instruments (such as deposits of sharia, sharia SBI, sharia SPN, and / or money market mutual funds), 40% in medium or long term sharia instruments (such as sharia bonds, sharia corporate bonds and / or sharia fixed income mutual funds), and 52.5% in the sharia based equity instruments in accordance to OJK's decision (either directly through sharia stocks or through sharia equity mutual funds).

PERFORMANCE INDICATOR

Return Performance

Last 1-year Period	8.03%
Best Month	10.95% Jul-09
Worst Month	-14.39% Oct-08

Portfolio Breakdown

Equity	52.93% PBS012
Treasury Bonds	31.88% PBS011
Govt. Related Bond	0.59% PBS001
Mutual Funds - Bonds	2.89% PBS002
Sharia Cash/Deposit	11.71% PBS004

Top Five Bonds Holding

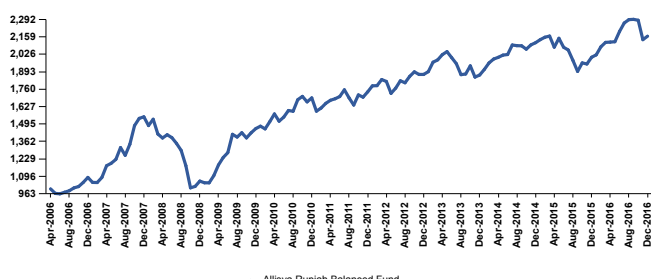
52.93% PBS012
31.88% PBS011
0.59% PBS001
2.89% PBS002
11.71% PBS004

Top Five Stocks Holding

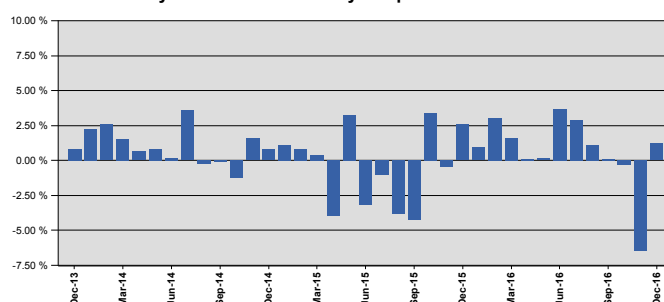
18.81% Telekomunikasi Indonesia	10.77%
6.06% Astra International	8.69%
3.68% Unilever Indonesia	7.33%
1.39% Indofood CBP Sukses Makmur	2.30%
0.73% United Tractors	2.19%

	1 Month	3 Months	6 Months	1 Year	3 Years	YTD	Since Inception
Alliysa Rupiah Balanced Fund	1.24%	-5.60%	-1.66%	8.03%	15.85%	8.03%	116.39%

Unit Price Curve of Alliysa Rupiah Balanced Fund (Since Inception)



Monthly Performance of Alliysa Rupiah Balanced Fund



KEY FUND FACTS

Fund Size (in bn IDR)	: IDR 509.48
Risk Profile	: Moderate
Launch Date	: 25 Apr 2006
Fund Currency	: Indonesian Rupiah
Managed by	: PT Asuransi Allianz Life Indonesia

Pricing Frequency	: Daily
Price per Unit (As of Dec 30, 2016)	: Bid IDR 2,055.72 Offer IDR 2,163.92
Bid-Offer Spread	: 5.00%
Management Fee	: 2.00% p.a.

MANAGER COMMENTARY

Central Bureau Statistics of Indonesia (BPS) announced Dec's inflation at 0.42% mom (vs consensus inflation +0.45%, +0.47% in Nov 2016), mostly was caused by higher food ingredients, process food, beverages, cigarette and tobacco, as well as also higher housing, water, electricity, gas and fuel. On yearly basis, inflation was lower to 3.02% YoY (vs consensus 3.04%, 3.58% in Nov 2016). Core inflation printed at 3.07% YoY, similar with previous month (vs consensus 3.11%, 3.07% in Nov 2016). In the Board of Governors' Meeting on 15 Dec 2016, Bank Indonesia maintained the 7-day reverse repo rate at 4.75%, also Deposit Facility (DF) at 4.00% and Lending Facility (LF) at 5.50%. Rupiah appreciated by +0.94% to 13,436/USD at end of Dec as opposed to 13,563/USD previous month. Trade balance booked a surplus of +US\$0.838bn (non-oil and gas surplus +US\$1.495bn, oil and gas deficit US\$-0.657bn) in Nov 2016. Export rose by +21.34% YoY mostly driven by natural oil exports, while imports rose by +9.88% YoY.

IDR government bond yields closed lower all across the curve in Dec 2016 especially in short to medium tenor due to thin liquidity toward year end. Positive sentiment came from Fitch Ratings' Outlook on Indonesia's credit from stable to positive and high demand of the last auction result for 2016 (MoF didn't upsize from original target as the 2016 budget target has been reached with IDR 6.2tn of issuance). Negative sentiment came from higher UST movement as FOMC raised the fed funds rate by 25bps in the first tightening in 12 months; range from 0.25% to 0.5% to a range of 0.5% to 0.75%, and the terrorist attack in Turkey on Dec 20th. MoF has announced that benchmark series for year 2017 as follow:

1. FR0061 (maturity 15 May 2022), coupon 7.00%
2. FR0059 (maturity 15 May 2027), coupon 7.00%
3. FR0074 (maturity 15 Aug 2032), coupon 7.50%
4. FR0072 (maturity 15 May 2036), coupon 8.25%

Targeted Indonesia bond net issuance for 2017 is IDR 400 Tn (at 2.41% budget deficit assumption), which is lower than realized 2016's net issuance of IDR 407.9 Tn. However, the gross issuance of 2017 will be higher than 2016 (IDR 684 Tn target of 2017 vs IDR 652 Tn realized of 2016) as MoF is targeting to issue more 3mo SPN through auctions. 1Q17 MoF auction target as per calendar is IDR 155 Tn (excluding issuance through private placement, FCY global bonds, or retail series), a much higher goal in relative to last year's IDR 97 Tn target (higher than realized issuance in 1Q16 of IDR 128 Tn). Offshore accounts increased their holding by IDR +9.75tn in Dec 2016 (+1.49% MoM), from IDR 656.06tn as of Nov 2016 to IDR 665.81tn as of Dec 2016, which brought their holding to 37.55% of total outstanding tradable government bond (from 37.05% in the previous month). The 5Y yield Dec 2016 ended -41bps lower to 7.58% (7.99% in Nov 2016), 10Y tenor ended -17bps lower to 7.97% (8.14% in Nov 2016), 15Y tenor ended -5bps lower to 8.20% (8.25% in Nov 2016) and 20Y tenor ended -4bps lower to 8.20% (8.24% in Nov 2016).

The JII (Jakarta Islamic Index) closed higher in December at 694.13, gaining +1.67% MoM. Large cap stocks such as ASII, TLKM, ADRO, INDF, and LPPF contributed to the MoM gain, all of which rose by +9.60%, +5.29%, +10.78%, +4.62%, and +5.03% MoM respectively. The index rebounded strongly in the 4th week of December after 3 weeks consecutive decline following the announcement of Donald Trump's presidency. The well anticipated 25bps FED rate hikes to 0.75% and indication of a more hawkish tone from the FED in 2017 has brought additional pressure to emerging market currencies and subsequently index, translating to US\$273mn foreign outflow worth in Dec-16. On the domestic front, Indonesia's financial resilience is being tested by the spike in yields following Trump's win. While we see fundamentals supporting the resilience, IDR bond yield risk has risen. The Jakarta governor elections in Feb-17 will be one indicator for investors as it will test the capital's and nation's political maturity. Overall, the recent spike in volatility in the currency and equity markets clearly show that Indonesia is not entirely immune to external risks and the heightened political tension has also added pressure domestically. Sector wise, the Miscellaneous Industry Sector was the best performing sector this month, appreciating by +8.01% MoM. GJTL (Gajah Tunggal) and ASII (Astra International) were the movers; gaining by +6.47% and +9.60% MoM respectively. This was followed by the Trading and Distribution Sector that posted +4.50% MoM gains, driven by MIKA (Mitra Keluarga) and UNTR (United Tractor) which rose +2.80% and +1.19% MoM respectively. On the other side, Property Sector was the worst performing sector this month, losing by -2.79% MoM. PWON (Pakuwon Jati) and SMRA (Summarecon Agung) were the laggards, falling -17.52% and -6.36% MoM respectively.

Disclaimer:

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